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December 23, 2009

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

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Office of Proceedings

DEC 23 2009

Part of
Public Record


**Re: Finance Docket No. 35331, Sierra Northern Railway – Lease and Operation
Exemption – Union Pacific Railroad Company**

Dear Ms. Brown:

Enclosed for filing in the above-captioned docket please find the Motion to Hold Notice of Exemption in Abeyance filed on behalf of CEMEX, Inc.

If there are any questions regarding this matter, please do not hesitate to contact the undersigned counsel for CEMEX, Inc.

Sincerely,


Sandra L. Brown
Attorney for CEMEX, Inc.

cc: David Magaw, Sierra Northern Railway
Union Pacific Railroad Company
Santa Cruz County Regional Transportation Commission

Sandra.Brown@ThompsonHine.com Phone 202.263.4101 Fax 202.331.8330

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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35331

**SIERRA NORTHERN RAILWAY
-- LEASE AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY**

**MOTION TO HOLD NOTICE OF EXEMPTION IN ABEYANCE
EXPEDITED HANDLING REQUESTED**

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202.331.8330 (fax)

Attorneys for CEMEX, Inc.

December 23, 2009

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35331

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-- LEASE AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY**

MOTION TO HOLD NOTICE OF EXEMPTION IN ABEYANCE

On December 1, 2009, the Sierra Northern Railway ("SERA") filed a Notice of Exemption in this docket to "acquire and operate" a 31-mile rail line (the "Santa Cruz Branch" or "the line") currently owned and operated by the Union Pacific Railroad Company ("UP") between Watsonville Junction, CA and Davenport, CA. The Surface Transportation Board ("Board" or "STB") published the Notice on December 17, 2009 and stated that it will become effective December 31, 2009. CEMEX, Inc. ("CEMEX") is filing this Motion to Hold Notice of Exemption in Abeyance at least 7 days before the exemption becomes effective, which is the same time period required for similar Petitions to Stay, as noted in the Board's December 17th Notice.¹

¹ CEMEX is aware of the traditional standard for stay requests, as set forth in *Washington Metropolitan Area Transit Commission v. Holiday Tours, Inc.*, 559 F.2d 841 (D.C. Cir. 1977). CEMEX does not believe *Holiday Tours* applies to this Motion to Hold Notice of Exemption in Abeyance due to the Board's history of holding proceedings in abeyance or issuing "housekeeping stays" in order to obtain more information about a proposed transaction where the applicant was attempting to use the expedited Exemption process. See, e.g., *New Haven National Rail Terminal Transportation Company, LLC – Lease and Operation Exemption – 3.5 miles of track in the former Cedar Hill Yard, New Haven and North Haven, CT*, Docket 34690, (served June 14, 2005) (where third party made no mention of *Holiday Tours*, the Board nonetheless held the Notice of Exemption in abeyance to allow filing of additional information by applicant). See also *U.S. Rail Corporation – Lease and Operation Exemption – Shannon G.*,

As described in greater detail below, CEMEX believes that SERA's Notice is severely incomplete because it does not fully describe the details of the proposed transaction and because it fails to address the relationship between the proposed transaction and a second, long-planned transaction regarding the line. Specifically, CEMEX has concerns about the proposed transaction and its effect on continued freight rail service. Moreover, the failure to address publicly available information about non-freight use plans of the Santa Cruz Branch coupled with an ambiguous assertion regarding changes in carrier operations makes the Notice of Exemption impossible to evaluate for freight shippers like CEMEX.

Pursuant to 49 CFR §§ 1117.1 and 1150.42(c), CEMEX respectfully requests that the Board hold this proceeding in abeyance until complete information about the proposed transaction is provided and adequate assurances about future freight rail service are obtained. If further information is not forthcoming from SERA or UP, CEMEX requests that the Board find the Notice of Exemption is void *ab initio* or grant other appropriate relief.

I. BACKGROUND

CEMEX owns and operates a cement plant (the "Davenport Facility") in Davenport, CA. The Davenport Facility is located at the northern end of the UP Santa Cruz Branch which is the subject of SERA's Notice of Exemption. Due to the recent economic crisis and its effect on the construction industry, the Davenport Facility is currently not operating and has been idle since March 2009. When operating, the Davenport Facility receives inbound shipments of coal and raw materials via UP rail service and ships cement via outbound rail service on UP. During normal operations, the Davenport Facility receives or ships roughly 3,000 carloads of rail traffic

a New Jersey Limited Liability Company, Docket 35042 (served June 15, 2007); Milwaukee Industrial Trade Center, LLC, d/b/a Milwaukee Terminal Railway – Acquisition and Operation Exemption – Line Owned by Milwaukee Industrial Trade Center, LLC, d/b/a Milwaukee Terminal Railway, Docket 35133 (served Dec. 17, 2008).

per year. Local government regulations require the Davenport Facility to use rail service for at least 15+% of inbound and outbound traffic. See pages 1-2 of the attached Verified Statement of Gary Burns ("Burns V.S.").

Public information reveals that the Santa Cruz County Regional Transportation Commission ("RTC") has been in negotiations with UP since 2001 to acquire the Santa Cruz Branch. A letter of intent was agreed to between UP and RTC in December 2004 for the acquisition to proceed at a price of \$19 million. See Exhibit 1. In August 2008, the RTC and UP settled on a new purchase price of \$14.2 million with the understanding that RTC would make certain improvements to the Santa Cruz Branch. See Exhibit 2. The RTC acquisition was to be potentially followed by construction of a recreational rail-trail alongside the Santa Cruz Branch, as well as recreational rail service and, possibly, future commuter rail service. These plans, several years in the making, were most recently mentioned in recent updates on RTC's web site dated August 2009 and November 2009. See Exhibits 3 and 4. Additional and extensive public information about the RTC, its negotiations with UP, and its plans for the Santa Cruz Branch can be found on the RTC website at <<http://www.sccrtc.org/transit.html>>.

For the past several years, CEMEX has maintained an ongoing dialogue with RTC and UP regarding the RTC acquisition of the Santa Cruz Branch and RTC's related future plans and proposals. Throughout the dialogue, CEMEX's primary concern has been the provision of reliable and cost-effective freight rail service on the Branch. CEMEX is not necessarily opposed to RTC ownership, a recreational trail, or passenger rail service. However, CEMEX has engaged in a dialogue with RTC and UP for several years in order to obtain more information about freight rail service plans, as well as adequate assurances that CEMEX cost-competitiveness and freight rail service will not be harmed by any future plans for the Santa Cruz Branch. CEMEX

has also sought information regarding rail line maintenance and plans to improve rail service. Burns V.S. at 2.

Likewise, CEMEX is not necessarily opposed to SERA's lease and CEMEX acknowledges that the Board has found that some branch lines benefit from short lines taking over operations from a Class I railroad. However, CEMEX is concerned about the lack of information in the Notice addressing the potential relationship of the various plans for the line, and CEMEX's attempts to confirm that continued freight operations will be protected have not been successful. Upon becoming aware of the Notice, CEMEX preformed some preliminary due diligence and learned that SERA's affiliates operate several dinner trains in California which further supports the need for SERA to address whether such plans are permitted or contemplated on the line. See Exhibits 5 and 6. CEMEX recently learned from RTC that RTC and SERA are currently negotiating an agreement which would allow dinner trains on the line. In an e-mail to CEMEX, SERA later confirmed that dinner trains are a possibility within one to three years. While SERA also stated that freight will take priority and that SERA will operate in tandem with UP, SERA did not mention the RTC or its plans for the line. Burns V.S. at 3-4. In fact, SERA's e-mail response to CEMEX on December 22, 2009 implies that UP and SERA have not yet addressed freight rates or freight operating issues due to the current idled status of the Davenport Facility, the line's largest shipper. Burns V.S. at 3-4. The fact that the Notice addresses neither the various plans of SERA and RTC for the line nor the relationship between SERA and RTC makes the Notice incomplete.

II. ARGUMENT

A. The Notice of Exemption contains insufficient information

The Notice of Exemption filed by SERA is incomplete and contains insufficient information in a number of ways. First, SERA made no mention of the extensive public information regarding RTC's extensive plans, developed over the course of a decade, to acquire the Santa Cruz Branch. Similarly, there was no discussion of RTC's stated desire to develop a rail-trail or recreational passenger trains. SERA also did not describe the interplay between its lease, the planned RTC acquisition, RTC's recreational plans, SERA's dinner train plans, and continued reliable freight rail service.²

In its Notice of Exemption, SERA asserted that there will not be "significant changes in carrier operations" as a result of the proposed transaction. Given that the CEMEX Davenport facility is currently not operating, it is unclear exactly what would constitute a "significant" change in carrier operations. The provision of adequate freight rail service to Davenport remains extremely important to CEMEX in order to preserve future freight operations to the Davenport facility.

Since learning of SERA's Notice of Exemption filings, CEMEX has attempted to obtain more information informally from RTC and UP regarding the plans for the line in light of the Notice of Exemption. Unfortunately, as described above, communications have not resulted in sufficient information for CEMEX to fully understand either the interplay between SERA, RTC, and UP or their future plans for the line. Burns V.S. at 4.

² The Notice of Exemption referred to two agreements between SERA and UP, a Lease Agreement and an Interchange Agreement. These two agreements were not attached. The Notice did not refer to any negotiations or agreements between RTC and UP or RTC and SERA.

The Board's regulations provide that a Notice of Exemption is void *ab initio* if it contains false or misleading information. 49 CFR § 1150.32(c). SERA's Notice of Exemption is arguably misleading if there are agreements or understandings between SERA, RTC, and/or UP regarding the Santa Cruz Branch (or other information that should have been included by SERA) that were not included in the Notice of Exemption. The Board has previously rejected Notices of Exemption for including insufficient information. *Nevada Central Railroad – Exemption for Acquisition and Operation of Rail Service – In Elko and White Pine Counties, NV*, Docket 34773 (served Nov. 22, 2005).

B. Holding the Notice of Exemption in abeyance is appropriate and consistent with Board precedent

It is impossible to fully address the impact of this transaction on CEMEX until additional information is provided by SERA. For example, the Notice of Exemption fails to answer the following non-exhaustive list of important questions:

- Has SERA or UP negotiated with RTC or reached any agreements or understandings with RTC?
- What are SERA's intentions with regard to RTC's plans for a rail-trail, recreational trains, and other non-freight rail uses? In other words, how does SERA plan to meet its common carrier obligation in integrating these disparate uses?
- SERA asserts that the proposed transaction "will not result in significant changes in carrier operations." What exactly does SERA mean by this assertion? For example, does SERA base this statement on historical freight operations or on freight operations today in the midst of an economic crisis?

- Does the lease permit and does SERA plan on having “excursion trains” on the Santa Cruz Branch similar to the three passenger rail services operated by a SERA affiliate and described in Exhibit 6.

Additionally, CEMEX’s attempts to get these questions answered since learning of the Notice of Exemption have not resulted in sufficient answers; regardless, this information should have been included in the Notice of Exemption in light of the circumstances.

Due to the many unknowns regarding the proposed transaction, CEMEX has filed this Motion to Hold Notice of Exemption in Abeyance and is requesting that the Board direct SERA to file additional information regarding the transaction and rail service that would be provided by SERA. *Cf. New Haven National Rail Terminal Transportation Company, LLC – Lease and Operation Exemption – 3.5 miles of track in the former Cedar Hill Yard, New Haven and North Haven, CT, Docket 34690, (served June 14, 2005) (holding Notice of Exemption in abeyance until applicant files additional information addressing issues raised by third party).* Additional information will enable SERA to resolve uncertainty and fully comply with the Board’s standards, and will also alleviate CEMEX’s present concerns. The Board has previously placed a “housekeeping stay” on a Notice of Exemption in order to “permit full consideration of the issues” presented by two parties requesting rejection, revocation, or stay of the Notice. *General Railway Corporation d/b/a Iowa Northwestern Railroad – Exemption for Acquisition of Railroad Line – In Osceola and Dickenson Counties, IA, Docket 34867, slip op. at 1 (served July 3, 2006) (describing stay imposed by the Board in a decision served May 25, 2006).*

The Board has also held other proceedings in abeyance to allow discovery to occur and/or the gathering of more information. *Meridian Southern Railway, LLC – Acquisition and Operation – Line of Kansas City Southern Railway Company, Docket 33854 (served May 15,*

2000); *New York New Jersey Rail LLC and New York Cross Harbor Railroad Terminal Corporation – Corporate Family Transaction Exemption*, Docket 34813 (served Jan. 9, 2006).

Finally, the Board has also stayed Notices of Exemption where a “substantial controversy” exists. *Northeast Interchange Railway, LLC – Lease and Operation Exemption – Line in Croton-on-Hudson, NY*, Docket 34734, and *Gordon Reger – Continuance in Control Exemption – Northeast Interchange Railway, LLC*, Docket 34735, slip op. at 4 (served Nov. 18, 2005). It is impossible for CEMEX to confirm at this time if a “substantial controversy” exists due to the many outstanding questions regarding SERA’s plans but there is a sufficient amount of information missing from the Notice for the Board to hold it in abeyance or find it void *ab initio*.

CEMEX acknowledges that there may not be a conflict between SERA’s lease and operation of the Santa Cruz Branch and RTC’s acquisition of the same rail line. However, the failure of SERA to even mention the RTC and its plans despite voluminous public information about RTC and other planned uses for the line, as well as the ambiguity regarding the meaning of SERA’s “no significant changes” pledge, warrant holding the Notice in abeyance so that SERA can file additional information about its proposal. Furthermore, even if the Board decided to let the Notice go forward now or in the future, the Board should make clear to the parties that freight rail service must be preserved and will be protected as long as the common carrier obligation exists on the line and that such common carrier obligation can only be terminated by order of the Board.

Under the Board’s rules, the Notice of Exemption becomes effective, unless stayed, rejected, or held in abeyance, 30 days after filing. 49 CFR § 1150.42(b). In SERA’s case, the

effective date would be December 31, 2009; therefore CEMEX requests that the Board act expeditiously in response to this Motion.

III. CONCLUSION

For the foregoing reasons, CEMEX respectfully requests that the Board hold the Notice of Exemption in abeyance and direct Sierra Northern Railway to file further information as described herein or declare the Notice of Exemption void *ab initio*.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Sandra L. Brown", is written over a horizontal line.

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202.331.8330 (fax)

Attorneys for CEMEX, Inc.

December 23, 2009

CERTIFICATE OF SERVICE

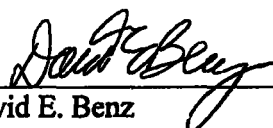
I, David E. Benz, certify that on December 23, 2009, I caused a copy of the foregoing to be served by e-mail and overnight delivery upon the following:

David Magaw
President, Sierra Northern Railway
341 Industrial Way
Woodland, CA 95776

and via overnight delivery upon the following:

Union Pacific Railroad Company
1400 Douglas Street
Omaha, NE 68179

Regional Transportation Commission
Santa Cruz County
1523 Pacific Avenue
Santa Cruz, CA 95060



David E. Benz

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

STB FINANCE DOCKET NO. 35331

**SIERRA NORTHERN RAILWAY
-- LEASE AND OPERATION EXEMPTION --
UNION PACIFIC RAILROAD COMPANY**

MOTION TO HOLD NOTICE OF EXEMPTION IN ABEYANCE

VERIFIED STATEMENT OF GARY BURNS

December 23, 2009

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SURFACE TRANSPORTATION BOARD**

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VERIFIED STATEMENT OF GARY BURNS

My name is Gary Burns and I am the Logistics Manager for CEMEX, Inc. ("CEMEX"), a position I have held since 1995 when I began working for CEMEX.

As the Logistics Manager, I oversee and manage rail transportation in the Western United States. I am very familiar with the CEMEX cement plant ("Davenport Facility") in Davenport, California and the rail line of the Union Pacific Railroad ("UP") which provides rail service to the Davenport Facility. This rail line is sometimes known as the "Santa Cruz Branch." Reliable and cost-effective rail service is critical to continued operation of the Davenport Facility. Over the past five years, I have had numerous discussions with UP regarding rail service issues at the Davenport Facility. Rail service is especially crucial to the Davenport Facility because local government permitting regulations require 15+% of the freight traffic to and from the Facility to be moved by rail. In a normal operating year, the Davenport Facility receives roughly 1,000

carloads of coal and raw materials and ships roughly 2,000 carloads of cement on the Santa Cruz Branch.

The economic recession of the past two years, with the accompanying decline in the construction industry, has dramatically reduced demand for cement products. Consequently, the Davenport Facility is currently not operating, and has not operated since March 2009. Nonetheless, reliable freight rail service on the Santa Cruz Branch remains vitally important because CEMEX may resume operations at the Davenport Facility at some time, given appropriate economic conditions.

I have been aware for many years of the ongoing negotiations between UP and the Santa Cruz County Regional Transportation Commission ("RTC") concerning purchase of the Santa Cruz Branch by RTC. I have had some concerns about RTC's many plans for alternate uses of the rail corridor, such as construction of a recreational trail parallel to the rail line and operation of passenger trains and/or excursion or dinner trains. RTC's planned acquisition and plans for the line are posted on its website at www.scrtc.org. On multiple occasions, I have made these concerns known to RTC and UP. I have also had discussions with RTC about the need for freight rail service to be reliable and timely, and I have talked with UP and RTC regarding the maintenance needs of the line, with the goal of improving rail service.

Earlier in December 2009, I learned that the Sierra Northern Railway ("SERA") made a filing at the Surface Transportation Board announcing SERA's plans to lease and operate the Santa Cruz Branch. This was the first I heard of SERA's plans. My review of SERA's filing raised more questions than it answered because SERA did not mention the RTC or the seemingly imminent acquisition of the Santa Cruz Branch by RTC. Moreover, SERA did not discuss RTC's many plans for recreational trains, passenger trains, or a recreational rail-trail. In

addition, I am aware that SERA's website shows that it is affiliated with three existing dinner train operations. However, there was no mention in SERA's filing of whether dinner train operations are planned to be added to this rail line. I have no specific objection to SERA taking over freight operations but I am concerned about the complexity of managing these many rail corridor uses and would like more information about how SERA will ensure that freight rail service is reliable, timely, and cost-effective. SERA's filing provides an incomplete picture to CEMEX and the Surface Transportation Board because the filing does not address the published plans of RTC or SERA's potential other uses of the line.

I am also concerned because it is not clear that SERA is aware of CEMEX's historical traffic figures at the Davenport Facility. In its filing, SERA merely stated that there would be no significant changes in operations on the Santa Cruz Branch. However, it is not clear if SERA's statement is directed at current operations, which are impacted by an unprecedented economic crisis, rather than on historic freight traffic levels that would return if the Davenport Facility reopens at the end of this crisis.

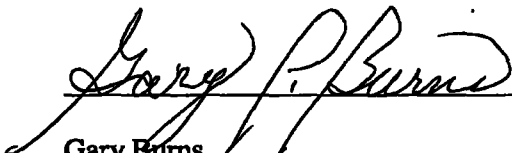
Due to the uncertainty and unknown information surrounding SERA's proposed lease and operation of the Santa Cruz Branch, I attempted to obtain more details about SERA and the future of the rail line. RTC informed me that they are currently in negotiations with SERA, including a possible dinner train operation. Alan Lambert of SERA also advised by a phone call and e-mail on December 22, 2009 that (1) dinner trains are a possibility within one to three years; (2) freight will take priority; (3) in response to my request, SERA is willing to enter into a demurrage agreement with CEMEX; and (4) UP will allow SERA use of interchange tracks in Watsonville. However, the response also suggested that SERA has no or inadequate use of storage tracks at Watsonville and that the parties involved may not have adequately considered

CEMEX's possible future freight traffic operations and level because handling carrier rates have not been discussed between UP and SERA. Furthermore, while I appreciate SERA's attempt to respond to my inquiries, the e-mail implied that some or all freight operation negotiations were not discussed yet because the Davenport Facility is currently idled due to the economic crisis. The response indicated that CEMEX would need to pay separate freight rates to SERA and UP on rail shipments from our Facility to destinations served by UP. CEMEX now faces the possibility of receiving and having to agree to two separate rates from SERA and UP for a simple through-line move, which could work against CEMEX. Additionally, UP has a reputation for reducing their shortlines' revenue division over time to below sufficiently profitable levels, which would negatively impact CEMEX. The response also did not mention the RTC or its plans for the Santa Cruz Branch.

In short, my communication attempts did not result in sufficient information to describe the interplay between SERA's plans and those of the RTC, or to explain how freight rail service will be preserved to be reliable and efficient under the proposed SERA lease and operations. CEMEX does not have adequate information in order to effectively evaluate SERA's proposed transaction and its impact on CEMEX.

VERIFICATION

I, Gary Burns, verify under penalty of perjury that the foregoing is true and correct based on my knowledge, information, and belief. Further, I certify that I am qualified and authorized to file this Verified Statement.


Gary Burns
Logistics Manager, CEMEX USA

Dated 12/18/09

EXHIBIT 1

TRANSIT



Santa Cruz County Regional Transportation Commission Transit Planning and Services for Santa Cruz County

The Santa Cruz County Regional Transportation Commission funds and supports planning efforts for a variety of transit projects. These include providing funding for expansion and improvements to local bus service, accessible transportation services, and planning studies and possible future uses of the Santa Cruz branch rail line.

What's on this Page?

Transit Services

- [Local Bus Service](#)
- [Metrobase Planning](#)
- [Paratransit/Accessible Services](#)
- [Metro's Union One-Stop Transit Guide](#)

Rail Projects

- [Rail Line Acquisition](#)
- [Recreational Rail Service](#)
- [Coastal Rail Trail](#)
- [Demonstration Trains](#)

Planning Studies

- [Highway 17 Transportation Improvement Study](#)
- [Major Transportation Investment Study \(MTIS\)](#)
- ["Around the Bay" Rail Study](#)

Transit Services	
Local Bus Service	<p>The only public transit operator in Santa Cruz is the Santa Cruz Metropolitan Transit District also known as Santa Cruz Metro or SCMTD. Through their website called "Metro Online", SCMTD provides transit information and opportunities for citizen participation in the transit system. Some of the available features include:</p> <ul style="list-style-type: none"> • System Information about the services offered by the SCMTD • Tips on how to use the SCMTD services • Route descriptions, fares and schedules • Metro Statistics
Metrobase Planning	<p>The SCMTD is currently planning and constructing a centralized operations depot in Santa Cruz. For more information about the Metrobase project, please look at SCMTD's <u>project page</u>.</p>
Accessible Transportation	<p>The Regional Transportation Commission provides partial funding for the Consolidated Transportation Services Agency (Community Bridges) and the Volunteer Center, which provide transportation services to the elderly and the disabled. The Elderly and Disabled Transportation Advisory Committee (<u>E&D TAC</u>) is a citizen's advisory committee which advises the Regional Transportation Commission on matters related to accessible transportation and sponsors events and activities that promote <u>accessible transportation</u>.</p> <p>A Public Hearing was held February 5, 2004, on Paratransit and Other Specialized Transportation Services. As a follow-up to this hearing, the Commission is conducting a <u>Specialized Transportation Stakeholder Survey</u> to better understand specialized transportation issues facing seniors and people with disabilities. The results of this survey were used to formulate a workplan for a task force convened to address these issues. A <u>Paratransit Coordination Task Force</u> convened in May</p>

2004 and will meet through the end of the year to address accessible transportation issue

Rail Projects

Santa Cruz Branch Rail Line Acquisition

In August 1999, as part of the Major Transportation Investment Study (MTIS) Program of Projects, the Regional Transportation Commission (RTC) approved pursuing acquisition of the Santa Cruz Branch Rail Line right-of-way. If acquired, the Union Pacific branch rail line between Watsonville and Santa Cruz/Davenport would be in public ownership and would thus be available as a transportation resource for the community in the future.

The RTC has been negotiating with Union Pacific since 2001 as well as conducting the studies and analysis necessary to gain a full understanding of the condition of the property. In December 2004, the RTC signed a Letter of Intent with Union Pacific to purchase the rail line for \$19 million. In August 2008, the RTC and UP agreed on a new purchase price of \$14.2 million with the requirement that the RTC make some improvements to the rail line. The final purchase price, terms and conditions will depend on a complete assessment of the property and negotiations with UP.

- Fact Sheet: Santa Cruz Branch Rail Line Acquisition (09-08)
- News Release on New Purchase Price for the Santa Cruz Branch Rail Line
- **Santa Cruz Branch Rail Line Informational Maps** are available online at the Santa Cruz County Geographic Information Systems Map Gallery under the Transportation folder. Hard copies are available for viewing and purchase at the RTC offices. CDs are available for free. Contact Grace Blakeslee at 460-3219 if you have questions. (11-05)
- Reimbursable Grant Agreement (6-06)
- Santa Cruz Industrial Lead - Supplemental Structural Report (6-23-06)
 - Summary of Estimated Capital & Annual Maintenance Costs
 - Updated Summary of Estimated Capital and Annual Maintenance Costs
 - Peer Review
- Draft Structural Assessment Reports (8-05)
- Proposition 116 Application for Funds (6-05)
- Draft Title Report (5-05)
- Letter of Intent with Union Pacific to Purchase Rail Line (12-04)
- Santa Cruz Branch Line Draft Business Plan (8-04) including Appendices, Tables and Figures (copies are available at the RTC Office and at public libraries)
- Administrative Draft Santa Cruz Branch Line Economic Analysis (11-02)
- MTIS Program of Projects
- Rail Lines of Santa Cruz County and Vicinity
- Final Initial Study and Negative Declaration for Santa Cruz Rail Line Acquisition
- Proposition 116 Application for Funds (8-03)

Recreational Rail

The Commission considered four recreational rail service options and selected service between Capitola and Aptos with an extension to Seascapes as the preferred alternative. An environmental impact report (EIR) will be completed before establishing recreational rail service. The Commission released an initial study, notice of preparation and a draft EIR. The comment period for the draft

	<p>EIR ended on July 21, 2004.</p> <p>A REVISED Draft EIR was released on February 4, 2005. The review period on the revised draft closes on April 5, 2005. Details about providing input during this new comment period can be found in this notice</p> <ul style="list-style-type: none"> • Recreational Rail REVISED Draft Environmental Impact Report (2-4-05) <ul style="list-style-type: none"> o Chapter 1 Introduction/Executive Summary o Chapter 2 Project Description o Chapter 3 Environmental Setting, Impacts and Mitigation <ul style="list-style-type: none"> ■ Section A Air Quality ■ Section B Hazardous & Toxic Substances ■ Section C Noise ■ Section D Transportation & Circulation ■ Section E Other o Chapter 4 Alternatives o Chapter 5 References (updated 2-10-05) • Proposed Recreational Rail Map for Viewing Online(low-resolution) / Map for Printing(high-resolution) • Fact Sheet: Recreational Passenger Rail - Environmental Review (07-05) • Initial Study for the Recreational Rail • Preliminary Project Report for Passenger Platforms and Related Improvements to the Santa Cruz Branch Line for Recreational Rail Service • Preliminary Analysis of Santa Cruz Branch Line Intra-County Recreational Rail Options
Coastal Rail Trail	<p>In 2000, the Commission programmed \$332,000 in federal funds for a master plan and environmental review of the Coastal Rail Trail, and in 2004, the Commission programmed \$345,000 to construct an initial segment. Examples of various rails-with-trails designs are shown in reports produced by the Rails to Trails Conservancy and the US Department of Transportation.</p> <ul style="list-style-type: none"> • Fact Sheet: Coastal Rail Trail (01-08) • <i>Rails-with-Trails: Design, Management and Operating Characteristics of 61 Trails Along Active Railroads</i> <ul style="list-style-type: none"> o Title Page, Table of Contents, Executive Summary and Chapter 1: Introduction o Chapter 2 Report Findings o Chapter 3 Case Studies o Chapter 4 Survey Results in Details o Chapter 5 Keys to a Successful Project o Appendix • Rails-with-Trails: Lessons Learned
Demonstration Trains	<p>The Santa Cruz County Regional Transportation Commission hosted or co-hosted three different rail demonstration programs in 1996: the Return of the Sun Tan Special; the Coastal Cruiser/Flexliner; and, the First Night Trolley/RegioSprinter. The purpose of these events was to showcase various kinds of modern rail vehicles and explore their suitability for Santa Cruz County. In addition, these events have provided residents with a chance to experience not only different types of trains, but also transportation on the railway corridor. These first-hand experiences helped residents understand more about future mobility options in Santa Cruz County. At this time, no new demonstration train events are planned.</p>



Planning Studies

The Commission from time to time undertakes studies which examine the value of improving transit services in various locations throughout the county. The Commission has an interest in pursuing options which will reduce transit travel time and provide safe, convenient, efficient and reliable transit alternatives to the citizens of Santa Cruz County.

Highway 17 Transportation Improvement Study

The Highway 17 Transportation Improvement Study was initiated to address transportation demand and transportation system constraints and opportunities in the Highway 17 corridor between Santa Cruz and San Jose. The goal of the study was to develop a program of transit and operational improvements balanced with available funds. Study recommendations include transit service improvements and relatively low cost highway capital and operations improvements.

The recommended transit improvements center on maintaining the existing Highway 17 Express transit service currently operated by the Santa Cruz Metropolitan Transit District. The study also identified a number of improvement and expansion opportunities including:

- possible additional service to connect with the Metro Center in Santa Cruz
- incremental improvements to existing services
- reverse commute potential
- expansion of service south of the Soquel Drive Park and Ride lot
- interconnectivity with other transit services in Santa Clara County
- promotion of carpools and subscription bus services
- expanded marketing opportunities

The Executive Summary is available [on-line](#)

Major Transportation Investment Study (MTIS)

The Major Transportation Investment Study of the Watsonville to Santa Cruz to UCSC corridor examined a variety of transportation options for the future of Santa Cruz county mobility, including three options for light rail type transit in the corridor. The study is complete and the Regional Transportation Commission has selected a program of projects for the Watsonville - Santa Cruz - Highway 1 corridor.

"Around the Bay" Rail Study

The Santa Cruz County Regional Transportation Commission and the Transportation Agency of Monterey County jointly conducted an analysis of 'around the bay' or 'wharf to wharf' rail service between the two counties. The study also analyzed the feasibility of linking this service with the San Francisco Bay Area and the Salinas Valley. In addition, state-of-the-art train technology, Diesel Multiple Units, are included in the evaluation to determine if using this type of new train would yield more efficient service with fewer environmental impacts.

Information on Rail Planning and other Transportation Projects

The Santa Cruz County Regional Transportation Commission periodically publishes and distributes up-to-date information on regional transportation planning and projects via mailings to the public. If you would like to be on our mailing list, please e-mail your name and mailing address to us or call 460-3200. In addition, if you would like to receive e-mail updates when they become available, please include your e-mail address in the body of your note. Thank you for your interest in transportation for Santa Cruz County.

If you have questions, comments or would like additional information on any of the Commission's activities, programs or projects, please contact staff.

If you have comments or suggestions about the website, please contact the websmith.

[Home](#) [Transit](#) [Commute](#) [Highway](#) [Bicycle](#) [Commission](#) [Links](#)

EXHIBIT 2



SCCRTC

*Santa Cruz County Regional Transportation Commission
1523 Pacific Avenue, Santa Cruz, CA 95060
phone (831) 460-3200 ~ fax (831) 460-3215
email: info@sccrtc.org; website: www.sccrtc.org*

NEWS RELEASE

FOR IMMEDIATE RELEASE: August 7, 2008

CONTACT: (831) 460-3200, George Dondero, Executive Director

RTC Reaches New Agreement for Purchase of the Santa Cruz Branch Rail Line

The Regional Transportation Commission (RTC) is pleased to announce an agreement in principle with Union Pacific to purchase the Santa Cruz Branch Rail Line (Branch Line) for \$14.2 million. The new price requires that the RTC use some of the funding available for this project to make improvements to the Branch Line. The RTC will continue to negotiate other terms and conditions with Union Pacific. In addition, the RTC will complete all of the remaining due diligence work, including an environmental site assessment, appraisals, lease investigation, and business and management plan. The due diligence work will be used to inform the RTC's final decision to purchase the Santa Cruz Branch Rail Line, which is anticipated at the end of this calendar year. Detailed information concerning the proposed acquisition will be made available to the public 30 days prior to the RTC's final decision to purchase the Santa Cruz Branch Rail Line, if practicable.

Public input on transportation issues is welcomed and encouraged.

For more information, call SCCRTC at 831-460-3200 or visit www.sccrtc.org.

*The meeting will be televised countywide by Community TV of Santa Cruz. Consult www.communitytv.org
or call 831-425-8848 for schedule and station information.*

EXHIBIT 3



Santa Cruz County Regional Transportation Commission Santa Cruz Branch Rail Line Acquisition

Fact Sheet

August 2009

Based on a multi-year analysis of the Watsonville to Santa Cruz corridor, the Santa Cruz County Regional Transportation Commission (RTC) decided to pursue the acquisition of the Santa Cruz Branch Rail Line right-of-way for preservation and future transportation uses. Future transportation uses could include bicycle and pedestrian facilities and passenger service (rail, bus). Freight rail service will continue on the line under any scenario.

Right-of Way Description

The rail right-of-way parallels Highway 1 and extends 31.8 miles from the town of Pajaro in Monterey County, to Davenport in north Santa Cruz County (map on reverse). The right-of-way is generally 50 to 60 feet wide. There are 37 bridges and trestles along the right-of-way, including major crossings of the Pajaro River, Highway 1, Soquel Creek, the Santa Cruz Yacht Harbor and the San Lorenzo River. Land uses adjacent to the rail line include residential, commercial, industrial, agricultural and park land/open space. The right-of-way links major tourism and activity centers as it traverses downtown Watsonville, Aptos Village, Capitola Village and the Santa Cruz Beach area near downtown Santa Cruz. Also adjacent to the rail right-of-way are many state/local parks and recreational facilities, including: Manresa State Beach, Seacliff State Beach, New Brighton State Park, Simpkins Swim Center, Santa Cruz Yacht Harbor, Natural Bridges State Park and Wilder Ranch State Park. The rail line provides access to the Monterey Bay National Marine Sanctuary at several key locations.

Cost of Acquisition and Funding

In December 2004, Union Pacific (UP) and the RTC agreed on a tentative purchase price of \$19 million for the entire right-of-way. In August 2008, after completing some due diligence work, the RTC and UP agreed on a new purchase price of \$14.2 million with a requirement that the RTC make some improvements to the rail line. The final purchase price, terms and conditions will depend on both the completed assessment of the condition of the line and negotiations with Union Pacific.

The RTC plans to use \$10 million in State Transportation Improvement Program (STIP) funds and \$11 million in Proposition 116 funds for pre-acquisition activities, the purchase, and improvements to the rail right-of-way. The California Transportation Commission (CTC) will consider allocation of these funds in the fall of 2009. In addition to STIP and Proposition 116 funds, Congressman Sam Farr obtained a \$1.5 million federal earmark for the project in 2003 and the RTC has been using local funds for the pre-acquisition work.

Santa Cruz County Regional Transportation Commission

1523 Pacific Avenue, Santa Cruz, CA 95060-3911 * Tel: (831) 460-3200 * Website: www.sccrtc.org

Status of Activities

The RTC, with the aid of a consultant, is engaged in active negotiations with Union Pacific. The final purchase price, terms and conditions will depend on many factors including the cost of repairs and improvements necessary to continue freight operations within the available funds.

Over the past few years, the RTC has been conducting pre-acquisition activities including appraisals, structures assessments, title review, and hazardous materials assessments. In April 2002 the RTC completed environmental review for the acquisition with a negative declaration and a categorical exemption in accordance with state and federal environmental laws. In August 2004, the RTC released a draft business plan which includes scenarios for a short line operator to take over freight service. In May 2005, the RTC released the preliminary title report for all parcels that compose the rail line right-of-way. In August 2005 and June 2006, the RTC released structural assessment reports of all the structures on the rail line. The RTC is currently conducting appraisals of the right-of-way and improvements, completing the hazardous materials assessment, negotiating legal agreements, and investigating insurance requirements and operating arrangements. Once all of this information is completed, the RTC and the community will decide whether to purchase the rail line.

For more information: Please visit the RTC web site: www.sccrtc.org or call (831) 460-3200

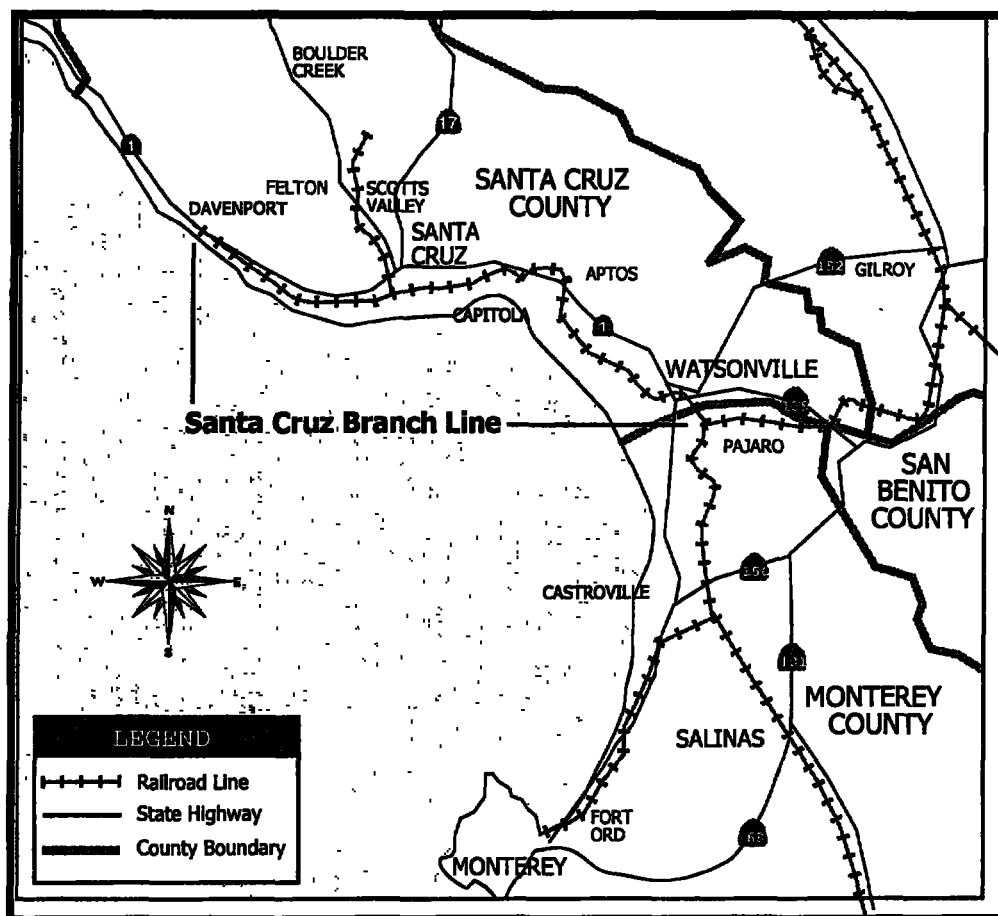


EXHIBIT 4

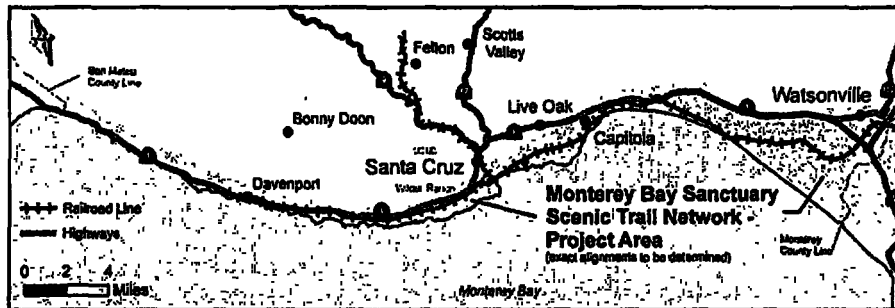


Santa Cruz County Regional Transportation Commission **Monterey Bay Sanctuary Scenic Trail Network**

Fact Sheet
November 2009

Background

Interest in constructing a network of trails that takes advantage of the magnificent Pacific coastline, the Monterey Bay National Marine Sanctuary and the surrounding environment in Santa Cruz County has been steadily growing over the past decade. A variety of multi-use trail projects such as the Wilder Ranch Pathway in Santa Cruz and the Watsonville Wetlands Trail Network have recently been built by local jurisdictions. Two regional efforts are key to the development of such a continuous network of trails. First is to acquire the Santa Cruz Branch Rail Line right-of-way as a preliminary step towards creating an accessible trail for bicyclists and walkers along portions of the 32 mile rail line. Second is securing additional funding, conducting a Master Planning process and finally, constructing a Monterey Bay Sanctuary Scenic Trail Network. These efforts will ultimately result in a network of continuous multi-use recreational, interpretive and transportation pathways spanning the Monterey Bay that will also be an important piece of the 1,300 mile statewide California Coastal Trail.



Evolution of the Monterey Bay Sanctuary Scenic Trail (MBSST) Network

Over the span of several years, related local coastal trail projects have been proposed, funded and/or constructed. These include the Wilder Ranch Bicycle and Pedestrian Path, the Watsonville Slough Trails, the Rail/Trail, and the Monterey Bay Sanctuary Scenic Trail. All these projects share the goal of developing accessible bicycle and pedestrian trail facilities on or near the coast. For improved planning, administration, coordination with state and federal entities, improved connectivity to existing facilities, and to benefit from the economies of scale, the Monterey Bay Sanctuary Scenic Trail (MBSST) Network was envisioned.

Monterey Bay Sanctuary Scenic Trail Network

Initially conceived by the Santa Cruz County Sanctuary Interagency Task Force, and championed by Congressman Sam Farr, the Monterey Bay Sanctuary Scenic Trail (MBSST) Network will be a multi-use system of bicycle and pedestrian facilities that allows the public to enjoy and experience the Monterey Bay National Marine Sanctuary from the vantage point of the shoreline. Trail markers and interpretive exhibits that will enhance the trail experience from Lovers Point in Monterey County to the San Mateo/Santa Cruz County line and that will unify the trail as it passes through several jurisdictions have already been designed. Installation of the first 9 MBSST exhibits has already been completed.

Potential Trail Alignments

If the RTC is successful in its rail line acquisition efforts, part of the network may be built within the rail line right-of-way. The Santa Cruz Branch Rail Line right-of-way extends 31.8 miles from Davenport to Watsonville Junction (Pajaro) in Monterey County. Union Pacific currently runs three freight round trips per week on the branch line. Any trail segments on the rail line right-of-way will be constructed adjacent to (not in place of) the rail line, so that freight service may continue and so as not to preclude potential future passenger rail service.



Master Planning for the MBSST Network

For efficiency and cost effectiveness, RTC staff is working on a comprehensive Master Planning process that will include: developing goals and objectives; identifying and assessing possible segments; setting design options; soliciting and incorporating input from interested parties and the community at large; preparing cost estimates for segments; and conducting environmental analysis of the Plan. Part of the process will also be to inventory existing trail segments and assemble all previous work done by a variety of entities. In addition to identifying new trails, the MBSST Network is intended to link together (and upgrade where needed) trail segments that already exist and to fill in



gaps in the existing trail system. The project will involve significant public outreach. At the conclusion of the process, the RTC will identify a future network of trails that meets the needs of different users. Rather than a single route, this network of both "leisurely" and "express" routes will appeal to both commuters and recreational users alike as well as to people with various levels of physical ability. The process will identify both the opportunities and constraints of various segment alternatives taking into account considerations such as accessibility, managing traffic on mixed use trails, environmental constraints, and agricultural impacts. The result will be a list of short and long term projects to be constructed by the jurisdictions they pass through as additional funding becomes available. Consultant proposals were solicited for a Master Plan and Environmental Review in the fall of 2008. After careful review and interviews, a preferred consultant was identified. The consultant was recommended to the RTC in the Spring of 2009 and the RTC approved awarding a contract at that time.

Project Cost

A rough cost estimate to construct the Monterey Bay Sanctuary Scenic Trail (MBSST) Network is one million dollars per mile, assuming no right of way acquisition costs and/or significant environmental constraints. Depending on the requirements, characteristics and constraints of individual segments the cost may be significantly higher. The length of trail segments to be developed will be determined as part of the MBSST Network Master Planning process.

Funding

To date, over \$6 Million has been secured for the Monterey Bay Sanctuary Scenic Trail (MBSST) Network project in Santa Cruz County. Of that amount, approximately \$4 Million has been secured through federal appropriations and earmarks thanks to Congressman Sam Farr.

Public Input

As always, the Santa Cruz County Regional Transportation Commission will make public input an integral part of development of the MBSST Network. An extensive public outreach program will be included as part of the development of the Master Plan.

Timeline of Activities

The approximate timeline for completion of the MBSST Network Project is 5 to 10 years:

Purchase Rail Right-of-Way	2009
Master Plan/Environmental Screening/Public Input	2009-2010
Obtain Funding	Ongoing
Detailed Design	1 to 2 years
Construction	2 to 6 years, beginning 2011

Santa Cruz County Regional Transportation Commission

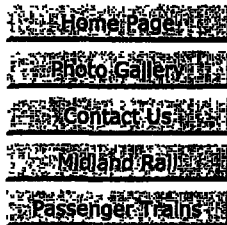
1523 Pacific Avenue, Santa Cruz, CA 95060-3911 * Tel: (831) 460-3200 * Website: www.sccrtc.org

EXHIBIT 5



Sierra Northern Railway

**Welcome to the Sierra Northern Railway
website!**



Sierra Northern Railway was formed in August 2003 through the merger of two Northern California shortline railroads: the Sierra Railroad Company and the Yolo Shortline Railroad. Sierra Northern currently operates approximately 75 miles of track in northern California, through the heart of a number of California's prime industrial areas, serving a wide variety of customers, and interchanging with both the Burlington Northern Santa Fe Railway and the Union Pacific Railroad. Sierra Northern's employees strive to help its customers with all their railroad transportation needs.

*For information about our railroad
construction division, please click the
Midland Rail link in the menu at left.*

Sierra Northern's management is experienced in the safe and efficient operation of regional railroads and has a proven track record of increasing traffic through improved service and innovative marketing. Sierra Northern maintains effective working relationships with its connecting railroads to assure that its customers will receive the best possible service and the most efficient and seamless transportation of their goods.

We use the latest in electronic data exchange via Railcar Management Inc (RMI) software and offer our customers a wide range of options for receiving information from our records. All carload information is shared electronically with our connecting Class I partners for smooth operations from origin to destination. Sierra Northern's customer service center is at West Sacramento, California and provides support—including shipping information, car tracing, and demurrage records—between 6:00 a.m. and 6:00 p.m., Monday through Friday.

Carrier Connections and Market Access

Sierra Northern Railway's alpha code (reporting mark) is SERA. We have direct connections with the Burlington Northern Santa Fe Railway (BNSF) and the Union Pacific Railroad (UP) at the following locations:

<u>Interchange Location</u>	<u>Connecting Carriers</u>	<u>Rule 260 Junction</u>
West Sacramento, CA	BNSF and UP	WSCRW
Oakdale, CA	UP	OAKDA
Riverbank, CA	BNSF	RVRBC

From the West Sacramento Interchange, Sierra Northern serves rail customers along a 17 mile line between West Sacramento and Woodland, CA including the Port of Sacramento.

From the Oakdale Interchange, Sierra Northern serves rail customers along a 48 mile line between Oakdale and Sonora, CA.

From the Riverbank Interchange, Sierra Northern serves rail customers along a 55 mile line between Riverbank and Sonora, CA., and all rail customers located at the 170-acre Riverbank Industrial Complex.

In addition, Sierra Northern also provides switching services for the Department of Defense at the Naval Weapons Station in Concord, California.

Sierra Northern Railway maintains a close business relationship with both BNSF and UP, not only at the local level but also thru regular communications between our Customer Service department and their counterparts in the Class I carriers' National Customer Service Centers.

Traffic Base, Marketing, and Industrial Sites

Sierra Northern handles approximately 8,000 carloads annually. Commodities include lumber, particle board, wallboard, wood chips, bulk gypsum, bulk limestone, bulk plastics, canned goods, tomato paste, chemicals, steel, grain and grain products, ethanol, and propane.

Sierra Northern has access to a wide variety of rail-served industrial sites and existing warehouses. The Riverbank Industrial Complex has numerous public warehouse operations, open tracks, and building sites available. Rail-served sites are also available in the West Sacramento and Woodland areas, and on the Oakdale line. We work closely with developers and city/county organizations in order to attract new business and expand existing business along our lines.

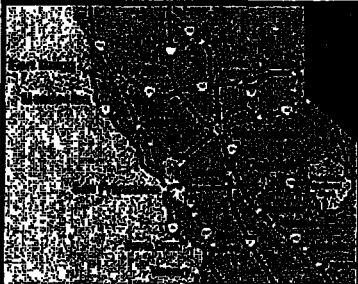
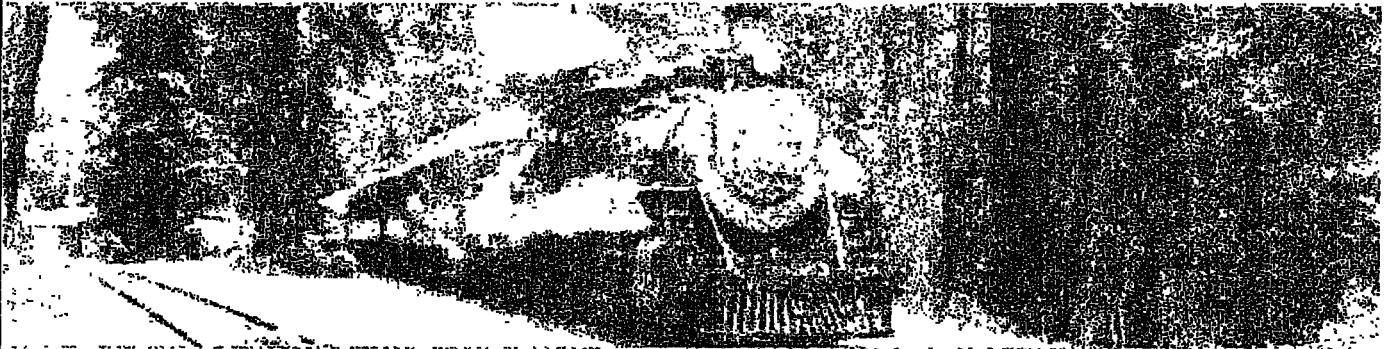
Marketing inquiries concerning industrial properties and sites,

contracts, pricing, and price quotes should be directed to Alan H. Lambert - VP Marketing at our West Sacramento, CA office.

EXHIBIT 6


SIERRA RAILROAD

CALL 800-866-1690 FOR RESERVATIONS
 MONDAY THROUGH SATURDAY 8:00 AM TO 6:00 PM
 SUNDAY 8:00 AM TO 12:00 PM



Sacramento RiverTrain
[Click Here](#)

The **Sacramento River Train** offers food and entertainment while you roll through the countryside. Popular sights include the Sacramento River and the 8000 foot long Fremont Trestle. The train is ideal for both daytime or evening trips because it features open-air observation cars, open-air patio bar, high-level dining coach and fun club car. The train boards in Woodland, CA, which is 15 minutes from Sacramento.



Skunk Train
[Click Here](#)

With a route criss-crossing over the Noyo River and cutting through the coastal mountains to towering Redwood forests, a ride aboard the **Skunk Train** is considered one of the ten most scenic train rides in North America! Trips are offered from two stations at opposite ends of our railroad in Fort Bragg, and Willits in the beautiful Mendocino region of California..



Sierra Railroad Dinner Train
[Click Here](#)

Sierra Railroad was built in 1897 connecting the Gold Country and Central Valley. The railroad now hosts the **Sierra Railroad Dinner Train**. Regarded as one of the five best dinner trains in the West, we combine delicious food, luxurious cars, unspoiled scenery and great entertainment. The train boards in Oakdale, CA, which is 90 miles east of San Francisco and 70 miles south of Sacramento.

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